



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-136]

Certain Chassis and Subassemblies Thereof from the People's Republic of China:

Initiation of Countervailing Duty Investigation

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

DATES: Applicable August 19, 2020.

FOR FURTHER INFORMATION CONTACT: William Langley, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482-3681.

SUPPLEMENTARY INFORMATION:

The Petition

On July 30, 2020, the U.S. Department of Commerce (Commerce) received a countervailing duty (CVD) petition concerning imports of certain chassis and subassemblies thereof (chassis) from the People's Republic of China (China) filed in proper form on behalf of the Coalition of American Chassis Manufacturers (the petitioner), the members of which are domestic producers of chassis.¹ The Petition was accompanied by an antidumping duty (AD) petition concerning imports of chassis from China.²

¹ The members of the Coalition of American Chassis Manufacturers are: Cheetah Chassis Corporation; Hercules Enterprises, LLC; Pitts Enterprises, Inc.; Pratt Industries, Inc.; and Stoughton Trailers, LLC. *See* Petitioner's Letter,

Between August 3 and 11, 2020, Commerce requested supplemental information pertaining to certain aspects of the Petition in separate supplemental questionnaires and a phone call with the petitioner,³ to which the petitioner filed responses between August 7 and 14, 2020.⁴

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (the Act), the petitioner alleges that the Government of China (GOC) is providing countervailable subsidies, within the meaning of sections 701 and 771(5) of the Act, to producers of chassis in China and that such imports are materially injuring, or threatening material injury to, the domestic industry producing chassis in the United States. Consistent with section 702(b)(1) of the Act and 19 CFR 351.202(b), for those alleged programs on which we are initiating a CVD investigation, the Petition is supported by information reasonably available to the petitioner supporting its allegations.

“Certain Chassis and Subassemblies Thereof from the People’s Republic of China: Petitions for the Imposition of Antidumping and Countervailing Duties,” dated July 30, 2020 (the Petition) at Volume I, Exhibit I-1.

² *Id.*

³ See Commerce’s Letter, “Petitions for the Imposition of Antidumping and Countervailing Duties on Imports of Certain Chassis and Subassemblies Thereof from the People’s Republic of China: Supplemental Questions,” dated August 3, 2020 (General Issues Supplemental); see also Commerce’s Letter, “Petition for the Imposition of Countervailing Duties on Imports of Certain Chassis and Subassemblies Thereof from the People’s Republic of China: Supplemental Questions,” dated August 3, 2020; Commerce’s Letter, “Petition for the Imposition of Countervailing Duties on Imports of Certain Chassis and Subassemblies Thereof from the People’s Republic of China: Additional Supplemental Questions,” dated August 4, 2020; Memorandum, “Phone Call with Counsel to the Petitioner,” dated August 7, 2020; and Memorandum, “Phone Call with Counsel to the Petitioner,” dated August 11, 2020.

⁴ See Petitioner’s Letter, “Certain Chassis and Subassemblies Thereof from the People’s Republic of China: Response to Supplemental Questions on General Issues Volume I of the Petition,” dated August 7, 2020 (General Issues Supplemental Response); see also Petitioner’s Letter, “Certain Chassis and Subassemblies Thereof from the People’s Republic of China: Supplemental Responses and Additional Supplemental Responses to Volume III of the Petition,” dated August 7, 2020; Petitioner’s Letter, “Certain Chassis and Subassemblies Thereof from the People’s Republic of China: Errata to Response to Supplemental Questions on General Issues Volume I of the Petition,” dated August 7, 2020 (Scope Errata); Petitioner’s Letter, “Certain Chassis and Subassemblies Thereof from the People’s Republic of China: Response to Second Supplemental Questions (Question 2) on General Issues Volume I of the Petition,” dated August 13, 2020; and Petitioner’s Letter, “Certain Chassis and Subassemblies Thereof from the People’s Republic of China: Response to Second Supplemental Questions (Question 1) on General Issues Volume I of the Petition,” dated August 14, 2020.

Commerce finds that the petitioner filed the Petition on behalf of the domestic industry because the petitioner is an interested party as defined in section 771(9)(E) of the Act.

Commerce also finds that the petitioner demonstrated sufficient industry support with respect to the initiation of the requested CVD investigation.⁵

Period of Investigation

Because the Petition was filed on July 30, 2020, the period of investigation (POI) is January 1, 2019 through December 31, 2019.⁶

Scope of the Investigation

The merchandise covered by this investigation is chassis from China. For a full description of the scope of this investigation, *see* the appendix to this notice.

Comments on Scope of the Investigation

On August 3, 2020, Commerce requested further information from the petitioner regarding the proposed scope to ensure that the scope language in the Petition is an accurate reflection of the products for which the domestic industry is seeking relief.⁷ On August 7, 2020, the petitioner revised the scope.⁸ The description of the merchandise covered by this investigation, as described in the appendix to this notice, reflects these clarifications.

As discussed in the *Preamble* to Commerce's regulations, we are setting aside a period for interested parties to raise issues regarding product coverage (*i.e.*, scope).⁹ Commerce will consider all comments received from interested parties and, if necessary, will consult with interested parties prior to the issuance of the preliminary determination. If scope comments

⁵ See "Determination of Industry Support for the Petition" section, *infra*.

⁶ See 19 CFR 351.204(b)(2).

⁷ See General Issues Supplemental at 3.

⁸ See General Issues Supplemental Response; *see also* Scope Errata.

⁹ See *Antidumping Duties; Countervailing Duties*, 62 FR 27296, 27323 (May 19, 1997) (*Preamble*).

include factual information,¹⁰ all such factual information should be limited to public information. To facilitate preparation of its questionnaires, Commerce requests that all interested parties submit scope comments by 5:00 p.m. Eastern Time (ET) on September 8, 2020, which is 20 calendar days from the signature date of this notice.¹¹ Any rebuttal comments, which may include factual information, must be filed by 5:00 p.m. ET on September 18, 2020, which is ten calendar days from the initial comment deadline.

Commerce requests that any factual information the parties consider relevant to the scope of the investigation be submitted during this time period. However, if a party subsequently finds that additional factual information pertaining to the scope of the investigation may be relevant, the party may contact Commerce and request permission to submit the additional information. All such comments must also be filed on the record of the concurrent AD investigation.

Filing Requirements

All submissions to Commerce must be filed electronically using Enforcement and Compliance's Antidumping Duty and Countervailing Duty Centralized Electronic Service System (ACCESS), unless an exception applies.¹² An electronically filed document must be received successfully in its entirety by the time and date it is due.

Consultations

¹⁰ See 19 CFR 351.102(b)(21) (defining "factual information").

¹¹ See 19 CFR 351.303(b).

¹² See *Antidumping and Countervailing Duty Proceedings: Electronic Filing Procedures; Administrative Protective Order Procedures*, 76 FR 39263 (July 6, 2011); see also *Enforcement and Compliance; Change of Electronic Filing System Name*, 79 FR 69046 (November 20, 2014), for details of Commerce's electronic filing requirements, effective August 5, 2011. Information on using ACCESS can be found at <https://access.trade.gov/help.aspx> and a handbook can be found at https://access.trade.gov/help/Handbook_on_Electronic_Filing_Procedures.pdf.

Pursuant to sections 702(b)(4)(A)(i) and (ii) of the Act, Commerce notified the GOC of the receipt of the Petition and provided it the opportunity for consultations with respect to the CVD Petition.¹³ The GOC did not request consultations.

Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, Commerce shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the industry.

Section 771(4)(A) of the Act defines the “industry” as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs Commerce to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both Commerce and the ITC must

¹³ See Commerce’s Letter, “Countervailing Duty Petition on Certain Chassis and Subassemblies Thereof from the People’s Republic of China: Invitation for Consultations to Discuss the Countervailing Duty Petition,” dated July 30, 2020.

apply the same statutory definition regarding the domestic like product,¹⁴ they do so for different purposes and pursuant to a separate and distinct authority. In addition, Commerce's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.¹⁵

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation" (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, the petitioner does not offer a definition of the domestic like product distinct from the scope of the investigation.¹⁶ Based on our analysis of the information submitted on the record, we have determined that chassis, as defined in the scope, constitute a single domestic like product, and we have analyzed industry support in terms of that domestic like product.¹⁷

In determining whether the petitioner has standing under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic

¹⁴ See section 771(10) of the Act.

¹⁵ See *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001) (citing *Algoma Steel Corp., Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), *aff'd* 865 F. 2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989)).

¹⁶ See Volume I of the Petition at 16-18 and Exhibits I-7 and I-18; *see also* General Issues Supplement at 7-9 and Exhibits I-Supp-1 and I-Supp-2.

¹⁷ For a discussion of the domestic like product analysis as applied to this case and information regarding industry support, *see* Countervailing Duty Investigation Initiation Checklist: Certain Chassis and Subassemblies Thereof from the People's Republic of China (China CVD Initiation Checklist) at Attachment II, Analysis of Industry Support for the Antidumping and Countervailing Duty Petitions Covering Certain Chassis and Subassemblies Thereof from the People's Republic of China (Attachment II). This checklist is dated concurrently with this notice and on file electronically via ACCESS.

like product as defined in the “Scope of the Investigation,” in the appendix to this notice. To establish industry support, the petitioner provided its own production of the domestic like product in 2019 and compared this to the estimated total production of the domestic like product for the entire domestic industry.¹⁸ We have relied on the data provided by the petitioner for purposes of measuring industry support.¹⁹

Our review of the data provided in the Petition, the General Issues Supplement, and other information readily available to Commerce indicates that the petitioner has established industry support for the Petition.²⁰ First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, Commerce is not required to take further action in order to evaluate industry support (*e.g.*, polling).²¹ Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product.²² Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition.²³ Accordingly, Commerce determines that the Petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act.²⁴

¹⁸ See Volume I of the Petition at 2-3 and Exhibits I-3 and I-17; *see also* General Issues Supplement at 9-10 and Exhibit I-Supp-3.

¹⁹ See Volume I of the Petition at 2-3 and Exhibits I-3 and I-17; *see also* General Issues Supplement at 9-10 and Exhibit I-Supp-3. For further discussion, *see* Attachment II of the China CVD Initiation Checklist.

²⁰ See Attachment II of the China CVD Initiation Checklist.

²¹ *Id.*; *see also* section 702(c)(4)(D) of the Act.

²² See Attachment II of the China CVD Initiation Checklist.

²³ *Id.*

Injury Test

Because China is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from China materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

The petitioner alleges that imports of the subject merchandise are benefitting from countervailable subsidies and that such imports are causing, or threaten to cause, material injury to the U.S. industry producing the domestic like product. In addition, the petitioner alleges that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.²⁵

The petitioner contends that the industry’s injured condition is illustrated by a significant volume of subject imports; reduced market share; underselling and price depression and/or suppression; lost sales and revenues; declines in production, shipments, net sales, and capacity utilization; decline in employment; and declining financial performance.²⁶ We assessed the allegations and supporting evidence regarding material injury, threat of material injury, causation, as well as negligibility, and we have determined that these allegations are properly supported by adequate evidence, and meet the statutory requirements for initiation.²⁷

²⁴ *Id.*

²⁵ See Volume I of the Petition at 25-26 and Exhibit I-13.

²⁶ See Volume I of the Petition at 15-16, 19-39 and Exhibits I-3, I-13, I-15 through I-17 and I-20 through I-31; *see also* General Issues Supplement at 10 and Exhibit I-Supp-4.

²⁷ See China CVD Initiation Checklist at Attachment III, Analysis of Allegations and Evidence of Material Injury and Causation for the Antidumping and Countervailing Duty Petitions Covering Certain Chassis and Subassemblies Thereof from the People’s Republic of China.

Initiation of CVD Investigation

Based upon our examination of the Petition and supplemental responses, we find that the Petition meets the requirements of section 702 of the Act. Therefore, we are initiating a CVD investigation to determine whether imports of chassis from China benefit from countervailable subsidies conferred by the GOC. Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation on all of the 30 alleged programs. For a full discussion of the basis for our decision to initiate on each program, *see* China CVD Initiation Checklist. A public version of the initiation checklist for this investigation is available on ACCESS. In accordance with section 703(b)(1) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determination no later than 65 days after the date of this initiation.

Respondent Selection

The petitioner named two companies in China as producers/exporters of chassis subject to the scope of this investigation.²⁸ Accordingly, and in the absence of any contradictory information, Commerce intends to examine all known producers/exporters of chassis from China.

Distribution of Copies of the CVD Petition

In accordance with section 702(b)(4)(A) of the Act and 19 CFR 351.202(f), a copy of the public version of the Petition has been provided to the GOC via ACCESS. Furthermore, to the extent practicable, Commerce will attempt to provide a copy of the public version of the Petition to each exporter named in the Petition, as provided under 19 CFR 351.203(c)(2).

²⁸ *See* Volume I of the Petition at Exhibit I-10.

ITC Notification

Commerce will notify the ITC of our initiation, as required by section 702(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 45 days after the date on which the Petition was filed, whether there is a reasonable indication that imports of chassis from China are materially injuring, or threatening material injury to, a U.S. industry.²⁹ A negative ITC determination will result in the investigation being terminated.³⁰ Otherwise, this investigation will proceed according to statutory and regulatory time limits.

Submission of Factual Information

Factual information is defined in 19 CFR 351.102(b)(21) as: (i) evidence submitted in response to questionnaires; (ii) evidence submitted in support of allegations; (iii) publicly available information to value factors under 19 CFR 351.408(c) or to measure the adequacy of remuneration under 19 CFR 351.511(a)(2); (iv) evidence placed on the record by Commerce; and (v) evidence other than factual information described in (i)-(iv). Section 351.301(b) of Commerce's regulations requires any party, when submitting factual information, to specify under which subsection of 19 CFR 351.102(b)(21) the information is being submitted³¹ and, if the information is submitted to rebut, clarify, or correct factual information already on the record, to provide an explanation identifying the information already on the record that the factual information seeks to rebut, clarify, or correct.³² Time limits for the submission of factual information are addressed in 19 CFR 351.301, which provides specific time limits based on the

²⁹ See section 703(a)(1) of the Act.

³⁰ *Id.*

³¹ See 19 CFR 351.301(b).

³² See 19 CFR 351.301(b)(2).

type of factual information being submitted. Interested parties should review the regulations prior to submitting factual information in this investigation.

Extensions of Time Limits

Parties may request an extension of time limits before the expiration of a time limit established under 19 CFR 351.301, or as otherwise specified by Commerce. In general, an extension request will be considered untimely if it is filed after the expiration of the time limit established under 19 CFR 351.301.³³ For submissions that are due from multiple parties simultaneously, an extension request will be considered untimely if it is filed after 10:00 a.m. ET on the due date. Under certain circumstances, Commerce may elect to specify a different time limit by which extension requests will be considered untimely for submissions which are due from multiple parties simultaneously. In such a case, Commerce will inform parties in a letter or memorandum of the deadline (including a specified time) by which extension requests must be filed to be considered timely. An extension request must be made in a separate, stand-alone submission; under limited circumstances we will grant untimely-filed requests for the extension of time limits. Parties should review *Extension of Time Limits; Final Rule*, 78 FR 57790 (September 20, 2013), available at <http://www.gpo.gov/fdsys/pkg/FR-2013-09-20/html/2013-22853.htm>, prior to submitting extension requests or factual information in this investigation.

Certification Requirements

Any party submitting factual information in an AD or CVD proceeding must certify to the accuracy and completeness of that information.³⁴ Parties must use the certification formats

³³ See 19 CFR 351.302.

³⁴ See section 782(b) of the Act.

provided in 19 CFR 351.303(g).³⁵ Commerce intends to reject factual submissions if the submitting party does not comply with the applicable certification requirements.

Notification to Interested Parties

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. On January 22, 2008, Commerce published *Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures*, 73 FR 3634 (January 22, 2008). Parties wishing to participate in this investigation should ensure that they meet the requirements of these procedures (e.g., the filing of letters of appearance as discussed at 19 CFR 351.103(d)). Note that Commerce has temporarily modified certain of its requirements for serving documents containing business proprietary information, until further notice.³⁶

This notice is issued and published pursuant to sections 702(c)(2) and 777(i) of the Act, and 19 CFR 351.203(c).

Dated: August 19, 2020.

Jeffrey I. Kessler,

Assistant Secretary,

for Enforcement and Compliance.

³⁵ See *Certification of Factual Information to Import Administration During Antidumping and Countervailing Duty Proceedings*, 78 FR 42678 (July 17, 2013) (*Final Rule*); see also frequently asked questions regarding the *Final Rule*, available at http://enforcement.trade.gov/tlei/notices/factual_info_final_rule_FAQ_07172013.pdf.

³⁶ See *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 41363 (July 10, 2020).

Appendix

Scope of the Investigation

The merchandise covered by this investigation is chassis and subassemblies thereof, whether finished or unfinished, whether assembled or unassembled, whether coated or uncoated, regardless of the number of axles, for carriage of containers, or other payloads (including self-supporting payloads) for road, marine roll-on/roll-off (RORO) and/or rail transport. Chassis are typically, but are not limited to, rectangular framed trailers with a suspension and axle system, wheels and tires, brakes, a lighting and electrical system, a coupling for towing behind a truck tractor, and a locking system or systems to secure the shipping container or containers to the chassis using twistlocks, slide pins or similar attachment devices to engage the corner fittings on the container or other payload.

Subject merchandise includes, but is not limited to, the following subassemblies:

- Chassis frames, or sections of chassis frames, including kingpins or kingpin assemblies, bolsters consisting of transverse beams with locking or support mechanisms, goosenecks, drop assemblies, extension mechanisms and/or rear impact guards;
- Running gear assemblies or axle assemblies for connection to the chassis frame, whether fixed in nature or capable of sliding fore and aft or lifting up and lowering down, which may or may not include suspension(s) (mechanical or pneumatic), wheel end components, slack adjusters, axles, brake chambers, locking pins, and tires and wheels;
- Landing gear (legs) or landing gear assemblies, for connection to the chassis frame, capable of supporting the chassis when it is not engaged to a tractor; and
- Assemblies and/or components that connect to the chassis frame or a section of the chassis frame, such as, but not limited to, pintle hooks or B-trains (which include a fifth wheel), which are capable of connecting a chassis to a converter dolly or another chassis.

Importation of any of these subassemblies, whether assembled or unassembled, constitutes an unfinished chassis for purposes of this investigation.

Subject merchandise also includes chassis, whether finished or unfinished, entered with or for further assembly with components such as, but not limited to: hub and drum assemblies, brake assemblies (either drum or disc), axles, brake chambers, suspensions and suspension components, wheel end components, landing gear legs, spoke or disc wheels, tires, brake control systems, electrical harnesses and lighting systems.

Processing of finished and unfinished chassis and components such as trimming, cutting, grinding, notching, punching, drilling, painting, coating, staining, finishing, assembly, or any other processing either in the country of manufacture of the in-scope product or in a third country

does not remove the product from the scope. Inclusion of other components not identified as comprising the finished or unfinished chassis does not remove the product from the scope.

This scope excludes dry van trailers, refrigerated van trailers and flatbed trailers. Dry van trailers are trailers with a wholly enclosed cargo space comprised of fixed sides, nose, floor and roof, with articulated panels (doors) across the rear and occasionally at selected places on the sides, with the cargo space being permanently incorporated in the trailer itself. Refrigerated van trailers are trailers with a wholly enclosed cargo space comprised of fixed sides, nose, floor and roof, with articulated panels (doors) across the rear and occasionally at selected places on the sides, with the cargo space being permanently incorporated in the trailer and being insulated, possessing specific thermal properties intended for use with self-contained refrigeration systems. Flatbed (or platform) trailers consist of load-carrying main frames and a solid, flat or stepped loading deck or floor permanently incorporated with and supported by frame rails and cross members.

The finished and unfinished chassis subject to this investigation are typically classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings: 8716.39.0090 and 8716.90.5060. Imports of finished and unfinished chassis may also enter under HTSUS subheading 8716.90.5010. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under investigation is dispositive. [FR Doc. 2020-18712 Filed: 8/25/2020 8:45 am; Publication Date: 8/26/2020]